

Thu, 22 Oct-15; Afternoon Voice - Mumbai; Size : 471 sq.cm.; Page : 10

## Reliance MF to acquire Goldman Sachs India MF biz for Rs. 243 crore

**I**n its first ever acquisition, Reliance Capital Asset Management (RCAM) on Wednesday announced takeover of global giant Goldman Sachs' mutual fund business in India for Rs. 243 crore in an all-cash deal as yet another foreign player exits the Rs. 13 lakh crore Indian MF market.

The deal, under which RCAM will acquire all 12 onshore mutual fund schemes of Goldman Sachs Asset Management India with total asset under management of Rs 7132 crore, would also make Reliance MF the exclusive fund manager for the government's ambitious Central Public Sector Enterprises (CPSE) Exchange Traded Fund.

The transaction has been approved by the boards of the two companies and is expected to be

completed in the current fiscal, RCAM's parent firm Reliance Capital said in a statement.

Reliance Capital is the financial services arm of Anil Ambani-led business conglomerate Reliance Group and is also present in insurance, brokerage and wealth management among other areas.

Goldman Sachs was given the mandate last year to manage CPSE ETF through which the government has so far raised Rs. 4,000 crore by selling part of its stake in ten central PSUs as part of its disinvestment programme.

Besides further consolidating the position of RCAM, which runs Reliance Mutual Fund and is the largest asset manager in India with total AUM of over Rs. 2.5 lakh crore across mutual funds, pension funds, managed accounts and offshore funds, the deal also



marks yet another exit by a foreign player from the Rs. 13 lakh crore Indian mutual fund industry.

Goldman Sachs had entered the Indian mutual fund industry in 2011 with acquisition of Benchmark Mutual Fund for Rs. 120 crore. In last few years, a number of global players have exited the Indian mutual fund business.

Standard Chartered sold its

mutual fund business in India to IDFC in 2008; Fidelity sold its mutual fund to L&T Finance in 2012, while last year HDFC MF acquired Morgan Stanley's fund business here.

Besides, Birla Sunlife has acquired ING Mutual Fund, Kotak MF has bought PineBridge Mutual Fund and Pramerica has taken over Deutsche Bank's mutual fund business in India.

Still, there are more than 40 fund houses in the country with total AUM of over Rs. 133 lakh crore, which has been growing for eight consecutive quarters now. In terms of mutual fund AUM, HDFC MF is the largest (Rs. 1.71 lakh crore), followed by ICICI Prudential (Rs. 1.65 lakh crore) and Reliance MF (Rs. 1.53 lakh crore) at the second and third places respectively.

HDFC MF was also in the race to acquire Goldman Sachs' India mutual fund assets, but lost out and the deal will help Reliance MF close the gap on its two bigger rivals.

Globally, Goldman Sachs Asset Management is one of the biggest fund managers with AUM of USD over 1.19 trillion across countries and asset classes.

"Reliance Capital Asset Management will pay a total sum

of Rs 243 crore (USD 37.5 million) in cash to acquire all onshore mutual fund schemes, including exchange traded funds, of GSAM India.

"The transaction is expected to be completed by the end of this fiscal year, subject to necessary regulatory approvals," the two firms said in a joint statement.